

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

RICHARD A. BUTLER, III,
ET AL.,

Plaintiffs,

vs.

HOTEL CALIFORNIA, INC.,
ET AL.,

Defendants.

Case No. 4:14CV2380

Akron, Ohio

Wednesday, October 29, 2014
1:30 p.m.

TRANSCRIPT OF HEARING ON MOTION FOR
TEMPORARY RESTRAINING ORDER
BEFORE THE HONORABLE JOHN R. ADAMS
UNITED STATES DISTRICT JUDGE

APPEARANCES:

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Wednesday, October 29, 2014

THE COURT: For the record, the Court has before it today Case Number 4:14CV2380. The case is captioned Richard A. Butler, III and Ocean Avenue Properties, LLC versus Hotel California, Incorporated and Sebastian Rucci.

We're here today for a hearing with regard to the plaintiff's motion for a temporary restraining order.

Counsel for the plaintiff, are you ready to proceed?

MS. LUARDE: Yes, Your Honor.

THE COURT: On behalf of the defendant?

MR. RUCCI: Yes, Your Honor.

THE COURT: Counsel, I'm not certain how you wish to proceed. I've read the papers and the filings that relate to the motion for TRO. I've also received today shortly before noon, pursuant to my order, a response to the motion.

So I'm not sure whether you wish to present any evidence, whether you wish to argue. It's entirely up to you as to how you wish to proceed in support of your motion.

MS. LUARDE: Your Honor, today we would like to just proceed with some argument on the issue.

THE COURT: All right. You may.

MS. LUARDE: Thank you, Your Honor.

Would you like me to stay here or --

THE COURT: Well, as long as you're using the

1 microphone, if you're more comfortable with the papers and
2 things that you have in front of you, you can use the table
3 and you can remain seated if you have substantial amounts of
4 documents you want to refer to.

5 MS. LUARDE: Thank you, Your Honor.

6 THE COURT: It's actually entirely up to you as
7 to where you're more comfortable. I'll give you some leeway
8 in that regard.

9 MS. LUARDE: Thank you, Your Honor.

10 Your Honor, as you noted, I represent Richard Butler
11 as well as Ocean Avenue Properties, LLC.

12 THE COURT: Is the green light on?

13 MS. LUARDE: The green light is on.

14 THE COURT: All right. Then your microphone is
15 on. Thank you.

16 MS. LUARDE: And our clients have the
17 incontestable right to the trademarks Hotel California and
18 The Hotel California. They've used these marks for over 17
19 years in building and developing a brand of hotels in
20 California.

21 In the process, they have built a solid reputation for
22 being a good hotel site. They have received many favorable
23 reviews from various travel guides such as Frommer's,
24 Fodor's and the Times and others.

25 THE COURT: This is one hotel?

1 MS. LUARDE: Your Honor, actually there
2 are -- there is a hotel in San Francisco, a hotel in Santa
3 Monica, and they also license a hotel in Palo Alto,
4 California.

5 THE COURT: So there are three?

6 MS. LUARDE: That's correct, Your Honor.

7 THE COURT: And not to interrupt your
8 presentation, there is an argument that's been made by the
9 defendant that your registration is a supplemental
10 registration, not a principal registration.

11 Does that make any difference? What's the
12 distinction, if any?

13 MS. LUARDE: Your Honor, in this instance it
14 makes no difference whatsoever. The first registration may
15 in fact be a supplemental registration. However, the second
16 registration is on the principal register. And the word
17 "the" under trademark law has no significance and no meaning
18 whatsoever and doesn't change the validity or enforceability
19 of the trademark.

20 THE COURT: So, first of all, you believe you
21 have a valid trademark registration?

22 MS. LUARDE: That's correct, Your Honor.

23 THE COURT: And then go ahead with regard to the
24 other aspects of this. How many other Hotel Californias are
25 there in operation?

1 According to the defendant's papers, they have
2 literally listed tens, if not hundreds of other
3 establishments that are run or using that name.

4 MS. LUARDE: Your Honor, it's fascinating. In
5 fact, the hotels that I've listed are the hotels that we're
6 aware of. There are hotels that the defendant has listed
7 that my client is unaware of.

8 But I will tell you, in the 30 minutes that we had
9 looking at the Internet upon receipt of the defendant's
10 moving papers, many of those hotels don't even exist or are
11 no longer in existence.

12 For example, Cape Coral, Florida. There is an address
13 listed, but if you call the phone number there is no answer.

14 The New Jersey hotel in fact has been shut down and
15 closed.

16 The same thing with Duncan, Oklahoma.

17 So there are at least five or six within 30 minutes we
18 were able to go on the Internet and determine that they
19 don't exist. And some are simply rental properties and are
20 not hotels.

21 So, again, many if not most of the hotels that were
22 listed by the defendant simply are not actual hotels named
23 The Hotel California.

24 THE COURT: So you haven't had time go through
25 and search all of the various hotels that are listed, but

1 your cursory review indicates that many are not currently in
2 operation? Or never were? I'm not sure exactly what it is
3 that you're --

4 MS. LUARDE: Many of them, Your Honor, I don't
5 know if they ever were in operation. But, for example, the
6 Florida hotel, there is only a phone number. There is no
7 website. And if you call the phone number, nobody answers
8 the phone. That's not a legitimate hotel. A hotel would
9 actually have someone who would pick up the hotel and answer
10 and provide you with information to obtain a room.

11 There is also a Los Vegas California Hotel and Casino.
12 It's a completely different name. It is not Hotel
13 California.

14 There is also the Riverton, New Jersey hotel which is
15 closed.

16 So these are not entities that, number one, we were
17 aware of, and my client was not aware of, but number two,
18 are not actual functioning hotels.

19 THE COURT: Does your client have any intention
20 of opening a hotel here in Ohio?

21 MS. LUARDE: Our client has the intention of
22 expanding the franchise. There is no immediate plan to open
23 a hotel in Ohio.

24 But, Your Honor, that's merely one of the eight
25 factors to be considered in a likelihood of confusion, which

1 frankly is the real issue here, is whether or not there is a
2 likelihood of confusion between the Austintown hotel and our
3 hotel in California.

4 The reality is the marks are the same. They both use
5 the same name: Hotel California.

6 We advertise through the same medium. We both
7 advertise through the Internet.

8 The USPTO, in fact, issued an office action in
9 response to Mr. Rucci's request for the federal registration
10 of his trademark Hotel California. And the USPTO concluded
11 that there was a likelihood of confusion with my client's
12 registered trademark and refused to register Mr. Rucci's
13 trademark.

14 THE COURT: That's not part of your papers?

15 MS. LUARDE: We learned of this after filing the
16 papers. I have a copy of that for you, if you would like a
17 copy, Your Honor.

18 THE COURT: We would like to see it. Go ahead
19 with your argument. We will take a look at it in a moment.

20 MS. LUARDE: The Hotel California mark by virtue
21 of having been used for over 17 years is incontestable. The
22 strength of the mark is incontestable based on statutory and
23 case law.

24 The marks are the same. The services are the same.
25 Both entities are offering hotel services. Our marketing

1 channels are the same.

2 And frankly, customers, when they go to the website,
3 they're booking a hotel -- look, I don't really believe and
4 nobody really believes someone is going to mistakenly book
5 the Austintown hotel thinking that they're going to be in
6 Santa Monica, California.

7 But what they will believe, Your Honor, is that the
8 two hotels are somehow affiliated, that our Hotel California
9 somehow owns the hotel in Austintown, is associated with the
10 hotel in Austintown, endorses the hotel, or is somehow
11 associated with that hotel.

12 THE COURT: What about a broad disclaimer being
13 placed on the website and other locations disclaiming any
14 relationship between the two?

15 MS. LUARDE: Your Honor, that would be
16 insufficient in light of the fact that my client, you know,
17 if they intend to franchise and they have plans to
18 franchise, the disclaimer would have to continue to grow and
19 grow as the franchise grew.

20 At this point we're talking at least three different
21 sites and three different locations. And again, I don't
22 think a disclaimer would be sufficient given the likelihood
23 of confusion that could occur and the harm to the reputation
24 and goodwill built up by my client in having the brand.

25 THE COURT: They have had the mark for 20 years?

1 They obtained the mark in '97; is that correct?

2 MS. LUARDE: That's correct, Your Honor.

3 THE COURT: And at the time they obtained the
4 mark, they owned the three hotels?

5 MS. LUARDE: No, they did not, Your Honor.

6 THE COURT: I guess what I'm curious about is 20
7 years is a long period of time. If you're intending to
8 franchise and/or make use of the mark in that fashion, you
9 would think that there would certainly have been more
10 activity over that period of time.

11 MS. LUARDE: Your Honor, there have been, again,
12 the license of the hotel in Palo Alto and the purchase of
13 the San Francisco hotel. But realistically, we have been in
14 a down economy. I mean, it's not like the economic times
15 have been sufficient where our client may have wanted to
16 expand the brand at that point in time.

17 THE COURT: That's '07 and '08. But what
18 happened between 1997 and through 2006, 2007 when the
19 economic downturn began?

20 MS. LUARDE: Your Honor, I'll be honest with you.
21 I don't have any information from my client as to why they
22 may not have expanded at that time. But certainly I'm
23 assuming there are business reasons why they didn't choose
24 to do so.

25 What I can tell you is based on conversations with my

1 client that they intend to expand the brand. And the
2 difficult part here, Your Honor, is not just the fact that
3 my client wants to control his brand image, but the
4 Austintown site is a less than desirable hotel location.
5 The history of that site, as recognized by Mr. Rucci in his
6 papers, formerly was the site of the Go Go Girls Cabaret
7 which was a strip club.

8 Mr. Rucci himself has a very colorful history, as he
9 indicated in his own documentation here today, that that
10 type of reputation being associated with a hotel that was a
11 strip club could only harm my client's reputation for being
12 a family oriented and reputable hotel business.

13 THE COURT: The site that's being developed in
14 Austintown, is it similar to -- I've got to be a bit careful
15 how I ask the question. Is it similar in any way to the
16 previous establishment that was located there?

17 MS. LUARDE: Your Honor, I was never at the Go Go
18 Girls Cabaret. I don't know. I know it is at the same
19 location. And again, the history of that site as well as
20 the history of the owners of the Go Go Girls Cabaret as well
21 as the Austintown hotel are reputations that my client does
22 not want to be associated or affiliated with.

23 And based on the eight factors considered in the Sixth
24 Circuit, there is a strong likelihood of confusion. And
25 again, the USPTO believed there was a strong likelihood of

1 confusion and that's why they denied Mr. Rucci's
2 registration.

3 THE COURT: That denial, is that evidence that I
4 can rely on in making a decision?

5 MS. LUARDE: Your Honor, it's certainly
6 persuasive on the issue. It is not conclusive but it is
7 certainly persuasive.

8 THE COURT: All right. Go ahead. I'm listening.

9 MS. LUARDE: Your Honor, there are a couple of
10 arguments that Mr. Rucci put in his briefing, including his
11 Ohio Secretary of State filing that he made with the
12 Secretary of State registering his trademark. A couple of
13 things I would like to point out with that.

14 The first one is that the registration itself does not
15 mean that my client's rights with the federal registration
16 are somehow lesser than Mr. Rucci's because he has a
17 registration in Ohio.

18 All the cases that he refers to are all cases
19 involving prior use. They are not cases related to federal
20 patent -- or I'm sorry, federal trademark rights.

21 And frankly, in the application itself, Your Honor,
22 Mr. Rucci claimed that he was completely unaware of any
23 federal trademark registration with the name Hotel
24 California. Mr. Rucci's application postdates the first
25 cease and desist letter that was sent to him via Federal

1 Express.

2 So that simply was a false statement made on the
3 application, and I believe that registration is invalid.

4 And in fact, Mr. Rucci in his briefing claims that the
5 first Federal Express package letter went to an address that
6 he didn't live at. But that was the address that he
7 provided with the Ohio Secretary of State as his agent for
8 service of process.

9 Your Honor, the reality here is this: We live in the
10 Internet age where people get on the Internet. They book
11 their hotel rooms. They look at travel guides, travel
12 advisories, rankings, comments by people who have stayed at
13 hotels.

14 I'm sure you've seen comments on hotels that you've
15 stayed at in various parts of the country. Oh, this is a
16 great Marriott hotel. This is a great Holiday Inn hotel.
17 And you rely on that information in making your decisions
18 about where to stay in other parts of the country.

19 So here, for example, our client has a history of a
20 strong brand name, a strong reputation. They have extremely
21 favorable reviews related to their hotel and to their name.

22 You know, it's interesting because under Mr. Rucci's
23 theory, you know, if we were representing the Bellagio, he
24 could open up a Bellagio hotel in Austintown, file paperwork
25 with the Ohio Secretary of State, and it would be just fine.

1 And that's simply not the case.

2 Our client, like the Bellagio, has a trademark, a
3 registered trademark. They have used that mark for over 17
4 years. The mark is strong. We're offering the exact same
5 services under the exact same name. And we have the right
6 as the holder of the trademark to control how that name is
7 used, where it's used, and decide whether or not we want to
8 license that name to someone else.

9 We're in a situation here where my client has someone
10 in Austintown who wants to open a hotel under his trademark
11 name that used to be a strip club operated by someone with a
12 less than desirable history. And he doesn't want to be
13 associated with that location or Mr. Rucci.

14 THE COURT: So he's concerned about his
15 reputation in light of some of the prior history of the
16 business?

17 MS. LUARDE: In part. But he's also concerned
18 about his ability to control how his mark is used, how the
19 hotel is set up, how the service is handled. All of the
20 normal things that go with day-to-day running of a hotel, he
21 wants to be able to control in a manner consistent with the
22 reputation he has built because he wants to continue to have
23 good reviews. He wants to continue to get the business that
24 he's seen over the last 17 years.

25 And if something happens here in Austintown, it could

1 negatively impact his ability to run his hotel, develop his
2 franchise, sell that franchise to someone else, and that
3 could be a significant commercial problem for him.

4 I mean, imagine the headlines if you're my client,
5 "Hotel California Shut Down For Potential Prostitution."

6 What do you think that could do to his business? That
7 could be a serious detrimental impact. And that's an
8 extreme example. But even an example of less than quality
9 service, less than quality cleanliness, all of those things
10 go into a consumer's selection of what hotel to use.

11 THE COURT: I know you haven't had a chance to
12 look at all of the various papers, or the response, but
13 again, I guess my question is, I'm still wondering if there
14 is numerous, numerous other hotels operating under that same
15 name and what would be the import of that. If your client
16 has chosen, for whatever reason, to not assert his rights,
17 again throughout the country if there is other Hotel
18 Californias, other hotels, I should say, using that name.

19 Obviously it's a famous song, 1977 forward.

20 MS. LUARDE: Your Honor, before we filed the
21 paperwork, we did a search on the Internet. And the hotels
22 we came up with were the Hotel Californias that we mentioned
23 earlier in California.

24 The one site that I found was the Cape Coral, Florida
25 phone number. I called that phone number and there was no

1 answer.

2 The other hotels referenced by Mr. Rucci in his
3 papers, again, just a cursory look at them, most of them are
4 shut down or no longer exist or are under a different name.

5 Frankly, you know, Hotel California is different from
6 California Hotel and Casino. That's a different name. Or
7 California Motel. Again, a different name.

8 THE COURT: Well, I'm looking at
9 specifically -- I'm sorry to interrupt. You're right. I
10 agree with that.

11 I'm just curious whether there are specific hotels
12 around the country that have, again, carried the exact same
13 name, Hotel California. That would be my issue here.

14 MS. LUARDE: Your Honor, we have not found any.
15 And my client is not aware of any other than -- other than
16 the hotels that I've mentioned and the one Mr. Rucci is
17 opening in Austintown.

18 And if in fact there are other hotels out there
19 operating under the name Hotel California, we're not under
20 an obligation to pursue all of them at the same time. We're
21 under an obligation to protect the trademark. And if we
22 become aware of something, you know, our client will
23 certainly take a look at it and make a decision.

24 As far as the Hotel Californias in different parts of
25 the world, I know there is one in Paris. There is one in

1 Germany. U.S. trademark law doesn't reach a German hotel or
2 a Paris Hotel. Those are completely irrelevant.

3 In fact, Your Honor, we became aware of the Austintown
4 hotel through a Google alert that referenced that this hotel
5 was opening up in Austintown.

6 Immediately after that, the letter was sent to Mr.
7 Rucci, a cease and desist letter. We received no response.
8 We sent a second letter. And again, we received no
9 response.

10 Between the time of the first letter and the second
11 letter, there was a lot of very interesting activity.
12 Although Mr. Rucci claims to have incorporated a couple of
13 years ago, after the first cease and desist letter was sent
14 out, Your Honor, Mr. Rucci filed his registrations with the
15 USPTO. He also filed his registered service mark with the
16 Ohio Secretary of State.

17 In other words, I believe it wasn't until after he was
18 aware of our client's rights to this mark that he decided to
19 take affirmative steps to try to protect whatever rights he
20 believed he had.

21 THE COURT: May I --

22 MS. LUARDE: I think he willfully -- I'm sorry,
23 Your Honor. He willfully continues to use the mark despite
24 knowing that our client owns the rights to that mark. And
25 after he was advised of that, that's when he took additional

1 steps with his filings.

2 And in those filings he certified that he was unaware
3 of anyone else having any rights to those marks. And that
4 was simply a false certification by Mr. Rucci.

5 THE COURT: Do you have a copy of the letter that
6 you received from the PTO?

7 MS. LUARDE: Yes, I do, Your Honor.

8 THE COURT: Why don't you provide a copy to the
9 clerk. I'm not sure if you provided a copy to the other
10 side as of yet.

11 Have you provided a copy to the defendant?

12 MS. LUARDE: I have not, Your Honor, but I will
13 do so.

14 THE COURT: I'll have the clerk -- do you have
15 extra copies with you?

16 MS. LUARDE: I do, Your Honor.

17 THE COURT: All right. If you'd provide a copy
18 to myself and to the defendant, it would be helpful.

19 MS. LUARDE: May I approach, Your Honor?

20 THE COURT: You may.

21 MS. LUARDE: And Your Honor, Mr. Rucci should be
22 aware of this, as this was addressed to him.

23 THE COURT: That's a good point.

24 MS. LUARDE: Your Honor, you know, the reality is
25 we're not trying to shut down Mr. Rucci or the hotel. We're

1 simply trying to protect our client's brand name and
2 reputation and goodwill.

3 Mr. Rucci can proceed with his hotel in Austintown.
4 He can call it millions of different things. He can call it
5 Hotel Florida. He can call it Hotel Ohio. He simply cannot
6 call it Hotel California because my client owns the rights
7 to that trademark.

8 And it wouldn't take much, frankly, to change signage,
9 to change a website, to change a Facebook page. I could
10 change a Facebook page in five minutes or less. The same
11 with a website.

12 And the reality is doing this now before the hotel is
13 opened and before Mr. Rucci starts to build up a customer
14 base based on the name of the hotel, in Austintown, you
15 know, he's better off changing it now and moving forward
16 with a new name.

17 THE COURT: This was issued October 16?

18 MS. LUARDE: Yes, Your Honor.

19 THE COURT: How did they notify you? By mail or
20 by e-mail? How did you receive the notice?

21 MS. LUARDE: We found it on the USPTO website.

22 THE COURT: Maybe Mr. Rucci can explain to me why
23 it wasn't called to my attention. It's e-mailed here to
24 him, according to this, issued, mailing date October 16,
25 2014. It does have an e-mail address.

1 Is there a reason why you didn't call this to my
2 attention, counsel?

3 MR. RUCCI: Judge, I'll address all that. Would
4 you like me to --

5 THE COURT: You can address it all in your
6 argument. I'm just a little curious because you filed a
7 response in opposition and you filed a motion to dismiss.
8 And I'm a little curious why this wasn't called to my
9 attention and at least given some way to distinguish it.

10 Let me ask the plaintiff if they're done with their
11 presentation, and we will be glad to hear from you. Just a
12 moment.

13 Do you have anything else you would like to add?

14 MS. LUARDE: Not at this point, Your Honor.
15 Thank you.

16 THE COURT: All right. Sir, on behalf of the
17 defendant, what is your argument? What statement would you
18 like to make here with regard to this matter?

19 MR. RUCCI: Judge, I apologize for that. That
20 was not intentional, and let me explain.

21 When I received this, what I observed from it, and as
22 you'll see, is that the examiner believed that I was opening
23 a hotel in California. I have a right to respond to him and
24 explain that and still try to get it licensed. And so
25 that's my intention.

1 Additionally, Judge, if you -- in the past two days
2 what I've been doing is learning facts on this case. And
3 The Hotel California registration, for example, was denied
4 because of geographical limits and things of that nature.

5 And so they wrote to the examiner and got him to
6 reverse their decision.

7 So from my view, it was the same thing. And I think
8 the critical factor that was missing in the analysis -- and
9 that was from my fault for not filing it correctly -- was
10 letting the examiner understand that I was in Ohio, which I
11 believe will make a very distinct difference.

12 The reason for that, Judge, is I pointed in my
13 filings, in the two registrations, one of them excludes the
14 word "California" and the other one excludes the word
15 "hotel."

16 And so there is the exclusions that were there, that
17 was pretty much because the two words are common and there
18 was geographical limits.

19 I think that, if I understand this correctly, when it
20 is analyzed as being in Ohio, then at that point the public
21 would have a different understanding of what Hotel
22 California is. And I think that the examiner would look
23 upon it more favorably.

24 Additionally, I didn't know about that The Hotel
25 California was from the supplemental registration until I

1 started doing more digging with that.

2 And so Judge, if I may, within this, what I'm saying
3 to the Court is this is the same typical document that was
4 submitted to the plaintiffs when they were denied. And then
5 they submitted documentation and got it to reverse.

6 And actually, how the documentation occurred in my
7 reading of a 175-page document in the trademark office is
8 that what the plaintiffs did, is that the former owner, they
9 put together an affidavit or some kind of a licensing from
10 him and said that, you know, we're giving it to you now
11 to -- the new buyer of the hotel. And that was the
12 convincing document, as I'm reading it, Judge, that made a
13 difference.

14 However, a few more things that I would like to say
15 about that which are in line with some of your questioning.

16 One of the affidavits from the Plaintiff Butler was
17 that he was going to franchise and do all these other
18 things. And this was over ten years ago.

19 What I've heard today is about franchising. And
20 Judge, if you look at the documents that I submitted, there
21 is no franchise. There is only one license. That's it.
22 That's the one in San Francisco.

23 The one in Palo Alto they are referring to, that's the
24 former owner that was there. So they have done nothing in
25 20 years other than buy one hotel, which is a 36-room hotel

1 that's a few blocks off in Santa Monica by the beach.

2 That's it.

3 When they talk about branding, branding in the hotel
4 business, what it means is you create a reservation system.
5 You have a sign of some kind and things of that nature.
6 None of that's been done in 20 years.

7 THE COURT: Did they have to do something? I
8 mean, if they own the trademark, are they compelled or
9 required, if they don't have either the resources, the
10 wherewithal? If they have the trademark, must they go out
11 and franchise? If they want to protect it from franchising
12 in the future, can't they do that?

13 MR. RUCCI: Judge, there is a lot of stuff I
14 don't know on this. I'm learning it in the past two days
15 and so I don't really have an answer.

16 But what I can tell you from my logic is that
17 everybody's here because the popularity of that name was
18 done by the Eagles. Not the plaintiffs. That name is
19 popular. They grabbed it, and that's there.

20 THE COURT: Well, they've got it. They have a
21 right to it. They have a legal right to it, do they not?

22 MR. RUCCI: Judge, they do. But as I understand
23 the law on this as I put it in my papers, they also have to
24 prove, either it's me or them, that somewhere there is going
25 to be some confusion.

1 And I've heard a lot of statements, but none of them
2 ring a bell with me about the confusion. We're 2,500 miles
3 away.

4 Some of the confusion is related to the fact that we
5 are going to run a dingy hotel. As I gave the Court some
6 papers, we spent \$5 million building it. We have got palm
7 trees up which nobody has in Ohio. I have a three-star
8 Michelin trained chef inside the restaurant. We have a
9 night club, a comedy club. We've hired people. All the
10 rooms have been redone. There is 42 suites that are there.
11 The place is absolutely amazing. We have fire pits on the
12 outside with the other things that we have done. It is not
13 anything comparable to what the plaintiffs have done.

14 So the suggestion that that's something that
15 besmirches their name is ridiculous. If anything else,
16 we're going to elevate it from that perspective. So that
17 doesn't -- that doesn't mean anything with it.

18 The issue on the confusion, as I see it, Judge, is not
19 is the name popular? It is because of the Eagles. The
20 question is, does the word "Hotel California," is it related
21 to the plaintiffs? And nobody is going to say that it is.
22 In Santa Monica, I'm sure they are because they recognize it
23 as one of those little boutique hotels.

24 In fact, that's what his registration in the federal
25 filing said, that this is a boutique hotel. We are

1 specializing with these beach properties. And so therefore
2 they're going to recognize it to that effect and nothing
3 more than that.

4 And the idea that me, here in Austintown, Ohio with
5 this amazing hotel, is going to impact them, it just -- just
6 the question to me seems like it's absolutely ridiculous
7 because the recognition I've had in the past year when the
8 sign went up was with the Eagles. That's what they
9 recognize. That's number one.

10 Number two, there is a new casino that's been built in
11 Youngstown called the Hollywood Casino. I'm looking for
12 some recognition from ourselves with that.

13 When I decided two years ago to name it Hotel
14 California, what I did -- and again, didn't know much about
15 trademark law at that point and I'll explain some of things
16 that have been stated here -- is what I did I just ran a
17 search. And I saw the name all over the place. I saw
18 nobody had a connection or was the same, for example, like
19 Holiday Inn where they have trademarks, reservations. And
20 so I concluded, Judge, that it was available.

21 Now, maybe that was sloppy in the end, and probably
22 was, but that's how I proceeded forward with it.

23 And even when I -- when I received their notice -- the
24 statement by the way, Judge, that was made to the Court was
25 that my state filing makes a statement that's false, that we

1 didn't know about them.

2 As I pointed out on page 21 in my brief, and I made a
3 copy of it from the filing, you'll see that my block in
4 there was that I don't have the federal filing. So I
5 notified the State of Ohio correctly to what that was.

6 THE COURT: I'm sorry. So you did notify them
7 that in fact you're aware that the plaintiff held the
8 trademark.

9 MR. RUCCI: No. Actually, Judge, what it says in
10 there is that do I hold it? And I said absolutely, I don't.
11 And that's what I -- that's what I informed --

12 THE COURT: I know, but the point they're making
13 is that you were given notice. You were aware of the fact
14 that they owned the trademark. And then all these filings,
15 all these filings occurred after the fact, after their
16 notice to you about their ownership and their cease and
17 desist letter.

18 MR. RUCCI: Judge, here is what occurred.

19 THE COURT: Why would you go out and try to -- I
20 don't know. I shouldn't say. I'm not -- I shouldn't say
21 that you were trying to circumvent it. Of what effect, or
22 why would you go back and make these state filings knowing
23 that the plaintiff had this trademark?

24 MR. RUCCI: Couple things, Judge. First thing is
25 where I've been living at in the past year is at the hotel

1 that's in Austintown. They're correct that my address with
2 the Secretary of State was my home in Poland. But that's
3 actually a place that's a condo office which my daughter
4 uses. I haven't been there for a year.

5 THE COURT: They don't know that. They're not
6 required to search you out and try to find out where you're
7 located.

8 Can't they rely upon the public record as to your
9 address when they send the notice?

10 MR. RUCCI: Judge, the second one they got it
11 correctly. The second one --

12 THE COURT: That's the purpose of the address
13 being registered with the Secretary of State, right?

14 MR. RUCCI: It is, Judge, but I'm telling the
15 Court I never got the first one. I got the second one.

16 The reason those filings occurred is that as we were
17 putting this project together, as explained in my documents,
18 with the funding from this Ponzi scheme lawsuit where we had
19 gotten the victims to invest, we ran out of money. We went
20 and borrowed a million dollars. The people that gave us the
21 million dollars talked to me about that, about getting a
22 registration. I happened to do it after I got multiple
23 calls. I looked into it. My timing just happened to be
24 there about the same time. It's something I would have
25 done. I still was very sloppy as I was putting it together

1 because I was just learning as I'm going.

2 As I mentioned in the federal one, the federal one
3 didn't even understand that I was going to be in Ohio
4 instead of California. So these are things that I was going
5 to fix as I was moving forward with it.

6 So -- but even having said that, Judge, in the Ohio
7 filings, it doesn't require me to have a federal
8 registration. You inform the Court this is what I'm looking
9 to do in Ohio.

10 And I am, no matter what's said here, I am correctly
11 the first one in Ohio to do Hotel California.

12 In fact, as I noted in my filings there was a bar in
13 Austintown called Hotel California.

14 In regards to the statement that a lot of these are
15 closed, I find that very difficult to believe that these
16 people have active websites today and are closed. So all of
17 that was done through the search the past two days alone,
18 what we uncovered with Hotel Californias.

19 It's a name that, Judge, is very common. And in the
20 past year for me, what people have come up and talked about
21 is the relationship to the song. And that's the connection
22 we're looking to make.

23 And as I made in my affidavit, Judge, we're looking to
24 do more things with that. For example, we have speakers in
25 all the rooms. We play the song throughout the place. We

1 have a painting that we are having made that's tied to the
2 song. We have two large guitars that are going to be made
3 that are going to be put up next to the sign. And you can
4 see from the pictures, Judge, this is an amazing luxury
5 building. It's not something that is there.

6 I recognize their talk about the past. I recognize
7 that. It's a lot of retaliation that went on in there. I
8 prevailed in all parts of it. But that's not where the
9 future is going. The future is this amazing building that I
10 hope to call Hotel California because of its connection to
11 the song, to the fact that the local people, how they deal
12 with its connection to California.

13 And Judge, "hotel" and "California," those are two
14 common words that are connected together. I mean --

15 THE COURT: Is the hotel open yet?

16 MR. RUCCI: No. We are looking to do an open
17 house in about a week. We are finalizing furniture. We are
18 looking to open in about three weeks.

19 THE COURT: Do you have a liquor license as of
20 yet? I saw something in the papers about there being some
21 issue.

22 MR. RUCCI: No. It's part of that whole process
23 that I'm going through, but it's getting better every day.
24 And we have a hearing on the 6th and I'm sure that we will
25 get it then.

1 THE COURT: I'm not going to get into what the
2 prior history of the business may be. That's, again,
3 that's -- this is more of a legal issue, a specific legal
4 issue, if they own the mark and if they have a right to
5 assert it and if all the other elements that are before me
6 related to the likelihood of confusion, etcetera, and if the
7 proper burden is met for the issuance of a TRO. That's
8 really the issue before me.

9 But this, I'm just scanning it, this opinion from the
10 PTO is quite interesting, this office action.

11 MR. RUCCI: Judge, but as I stated, this isn't
12 concluded from me. My response is due, and they gave me a
13 date. I have, like, six months. I'm going to respond to
14 them and I'm going to tell them I'm in Ohio. I believe that
15 will make a difference.

16 Like I stated, just like the plaintiffs were denied
17 theirs, they went back in, gave additional paperwork, and
18 got it reversed.

19 THE COURT: I'm just scanning this. I want to be
20 careful. It appears to me from reading this they know
21 you're from Ohio. It says, "The following web pages which
22 establish the hotel services are provided in California
23 support such a presumption despite the fact the applicant is
24 from Ohio, namely" -- and it goes on.

25 So the PTO knew that you were from Ohio. I'm

1 referring to -- the document isn't paginated, interestingly,
2 but it is the top of the page that reads "Applicant's mark
3 is Hotel California for restaurant and hotel services." And
4 then you go on down and it talks about the geographical
5 location.

6 It says, "Although the record is currently silent with
7 respect to whether applicant's services in fact originate in
8 California," and it goes on. And it does apply a
9 presumption that the services which applicant seeks
10 registration originate in California which would appear to
11 be the case. It originates in California.

12 But then they go on to talk about that you are from
13 Ohio. So they know.

14 MR. RUCCI: Judge, but as I read it, I thought
15 that was the critical distinction. And here is why. Here
16 is how I'm reading this. What I'm reading is that if you're
17 from California and you have something that's listed like,
18 say, Hotel California, the way I'm reading it is they turn
19 around and they say, well, you know, that's -- I don't know
20 what the correct words are. It's lower level. So therefore
21 we're -- it's not unique in that way.

22 But if I take now Hotel California in Ohio, I believe
23 it's the other way. In fact, I think I even cite some of
24 that in one of -- in one part of my brief where I reference
25 that from one of the cases that they had in there, to that

1 effect. And I think that, Judge, that will change it when
2 they see that, to that effect.

3 And additionally, some of the other things that I can
4 point out to them, too, is the fact that it's been 20 years.
5 There has been no franchise. Some of the statements that
6 when they went and got the trademark ten plus years ago, the
7 affidavit said they were going to franchise. Judge, they
8 haven't done it.

9 And these are things that I can present to them to
10 also get them to say, well, okay, that's something different
11 for that effect.

12 The case law on it can be analyzed on it this way.
13 I'm not questioning that, Judge. But I'm not through with
14 this process. And I think I can still do that. I do have
15 still the state registration. I have a hotel that's done
16 it. They have done nothing in nearly 20 years.

17 And also, the other things that this examiner didn't
18 get is all these other Hotel Californias that I pointed out
19 in my briefs. And I intend to go back to them with that,
20 Judge, and I think that they will look at it differently
21 within those facts that are there.

22 I can recognize, Judge, if they were here and they had
23 a reservation system like Holiday Inn, they're trying to
24 build it, I get that. I get that. That makes a lot of
25 sense.

1 But that's not what we have here. The only thing
2 we're doing here is we're excluding me from using a name
3 that's made popular by a great rock band for no reason
4 because it's not going to impact them in any way.

5 And when it's done, this place is going to be amazing
6 with the things we're doing. I mean --

7 THE COURT: That all may be true. But the bottom
8 line is if they own the trademark to the mark, then they
9 have a right to control the mark. I mean, that's under the
10 law essentially.

11 Everything you're telling me, it may be a wonderful
12 location. It may be a wonderful hotel. It may have all the
13 attributes that you think. I obviously, candidly, being an
14 Eagles fan, having gone to maybe ten of their concerts, know
15 full well over the years, you know, the song, etcetera.

16 But that is, again, somewhat beside the point. And if
17 they have the mark, then they have a right, at least as I
18 see it, again, subject to, again, reviewing all the
19 arguments, they have a right to control the -- to license
20 the mark, who uses the mark. That is patently the purpose
21 behind, you know, the trademark law, intellectual property
22 law is to give them the control.

23 And so that is the challenge here.

24 Now, are they required to franchise it? Can they
25 simply have it and hold it? Is it like, you know, the

1 Internet where I can in essence select and choose and limit
2 an IP address? That's not perhaps a great analogy, but that
3 happens all the time.

4 MR. RUCCI: Judge, by their own admissions
5 they're not going to Ohio. By the facts that we have here,
6 we have one license only in that period of time. When you
7 ask me are they required, here is what logically it seems to
8 me.

9 It seems to me that if you're branding out there and
10 you're going out there, then somebody else, you'll have more
11 likelihood of confusion because they get larger. By logic
12 and the likelihood of confusion test, if someone has one
13 place and we're 2,500 miles away, there is no likelihood of
14 confusion. That's why they have the test.

15 If the test is they have the mark and I'm out, then I
16 don't know why I'm going through an eight-part test.

17 So as I see it, Judge, the test still requires us to
18 go through it. And as I see the test, and when you go
19 through it, under likelihood of confusion, the only
20 confusion is going to be with the Eagles. I mean, they are
21 the one that can say no to me, and apparently they're not.
22 But I can't see where somebody with one hotel in 20 years
23 with one other license, no franchise, no operational system,
24 is going to be confused by anything I'm doing here in Ohio.

25 THE COURT: I don't know the answer to that

1 question, counsel. I really don't. Except that, with just
2 one caveat, and that is in today's world on the Internet, if
3 you Google a Hotel California and all of the sudden your
4 hotel pops up and the one in California pops up, the
5 question becomes, are they related? Are they in some way
6 associated with one another?

7 Likelihood of confusion, I think in today's world and
8 in the world that we live in with the Internet and the
9 search engines and things of that nature, it's just a
10 different matter, dramatically different matter than it may
11 have been years ago.

12 MR. RUCCI: Judge, their hotel is Hotel
13 California of Santa Monica or Hotel California of Los
14 Angeles on their website.

15 THE COURT: Okay. Does it say that? I haven't
16 looked at their website. Does it say Hotel California of
17 this or of that?

18 MR. RUCCI: Their website, the first thing at the
19 top it says "The," the word "the" is used, "Hotel
20 California." And I don't know if it says "of," and it says
21 "Los Angeles" underneath it.

22 THE COURT: There is a big difference in saying
23 that's Hotel California of Los Angeles than simply saying
24 Hotel California and then located somewhere. That's a big
25 difference.

1 MR. RUCCI: The two hotels, Judge, that are at
2 issue that they put in their documents, the Hotel
3 California, the one in Santa Monica and the one in San
4 Francisco, both, in their websites, are Hotel California.

5 Theirs actually says Los Angeles, although in their
6 papers they say Santa Monica. The other one says Hotel
7 California, San Francisco.

8 So they're labeling their location with it. And
9 that's the two that I see.

10 The other thing is when you say on the website in the
11 search, again, like we have pointed out, all the stuff that
12 we have in there, we have the WW's. Those are all in there.
13 When you go through the search, there is a countless volume
14 of information that comes up.

15 In fact, even in the Patent and Trademark Office, they
16 have multiple filings for Hotel California. I found 36. I
17 couldn't tell, as I'm learning this, which ones were live or
18 not. I know the ones I pointed in there were live because I
19 saw the registration. There was countless of them that are
20 there.

21 And so again, the exclusivity or lack of exclusivity
22 and the connection to somebody else's famous song, Judge,
23 the way I'm seeing it, it's kind of like the people that
24 were copying things like, for example, Elvis Presley or Babe
25 Ruth or something that somebody else made famous at some

1 level as to what part do they get to do that with?

2 Again, what I think, Judge, and the analysis is, is
3 the likelihood of confusion goes downward especially because
4 I think the test of likelihood of confusion is not is the
5 name strong? I get it; it's from the Eagles.

6 The question is, is the likelihood of confusion
7 connected with the plaintiffs? And as I stated multiple
8 times in my filings, we will be happy to have a disclaimer
9 that we're not associated with them in any way. And that
10 could solve it.

11 And lastly, to some level -- and again, I'm going
12 through the dichotomy as I'm learning this -- I do have a
13 state filing which they did give me. I showed them that we
14 were in use with all the other stuff. They actually first
15 sent it back to me because they wanted to see that. And
16 they did register it. At the time it was registered, Judge,
17 it took about two weeks. It was a process that took place.
18 And they did register it in the State of Ohio as I noticed
19 in the various cases. It does recognize a strong right for
20 it.

21 Judge, if they were here, I get it. You know, if they
22 were somewhere in the state or if they were moving about the
23 state, I get it. And I wouldn't have been here with that
24 name when I was seeking it. I would have called it The
25 Palms Hotels because of the palm trees that we have.

1 The hotel that we have, unlike their hotel, it's so
2 unique when you see it. At nighttime, it has lights that
3 you get to see. So it's creating its own identity. And
4 contrary to the one article they gave me, we've got a lot of
5 very good articles. We have had senators there. We have
6 had people going through the place because they are starting
7 to see the amazing thing that we're trying to do.

8 I hate to lose the name, Judge. I get it that it's
9 early, but it's something that's giving us an identity
10 that's making this connection that's, for lack of a better
11 word, very cool.

12 And we both have the same desires to do that. The
13 only difference is if I started 20 years ago and I was going
14 to do a hotel franchise, as they stated to the Patent and
15 Trademark Office, I would have done something with it. And
16 they haven't done that.

17 And some of that, the lack of growth, Judge -- maybe
18 it's 100 percent correct. It doesn't punish them. But the
19 lack of growth means there is no likelihood of confusion
20 because they haven't grown the brand.

21 And when they call it the brand, I find this really
22 suspicious because when you look at the two websites, the
23 San Francisco and Santa Monica, they are totally different.

24 And what I did is I had an investigator call them to
25 see if they are tied together in any way. He said, the only

1 thing they do is license them. That's it. Everything else
2 is independent.

3 THE COURT: Don't they have a right to do that?

4 MR. RUCCI: Judge, they do. They do have a right
5 to do that.

6 THE COURT: I guess the problem I have with your
7 argument is that, perhaps -- I understand you're saying,
8 well, they're not doing business in Ohio. They have no
9 plans to do business in Ohio. But does that mean that their
10 trademark isn't effective or they don't still have the right
11 to control the name, make use of it, or that there isn't
12 still potentially a likelihood of confusion?

13 I mean, if I were to adopt that view, then I guess the
14 question is of what effect is their trademark?

15 MR. RUCCI: Judge --

16 THE COURT: I mean --

17 MR. RUCCI: Judge, their trademark is like any
18 other trademark. As I understand it, trademarks last for a
19 period of time and you grow your brand. And then after
20 that, you can get an extension. When you get an extension,
21 you've got to tell them you're doing something with it.
22 Well, there has nothing been done in 20 years. That's the
23 problem.

24 So somewhere along the line I would like to think that
25 the words "Hotel California" have not been taken out of the

1 use just simply because somebody rushed there and got it
2 patented first.

3 I get the fact they got there first. They had a right
4 to do that. And they had a right to build it also, too,
5 Judge. And they didn't do that. And by not doing that,
6 when I'm 2,500 miles away, then I'm not conflicting with
7 them. And that's the way it looks to me within the law.

8 If the test was simply that they had it and that was
9 there, that's a different test. But the test is, is there
10 some confusion with it?

11 You know, like you stated, Judge -- and I get that
12 point, too -- they have a right to control their brand,
13 etcetera. But that's not the test. The test is, am I doing
14 something that's going to confuse with them? And no. And I
15 also offered to put a disclaimer. That also helps along the
16 way.

17 THE COURT: Maybe you better take a look -- we
18 should take a break. You should probably take a look at it.
19 I'm just skimming it. I don't have a chance -- I'm
20 listening to you and trying to refer to bits and pieces of
21 this.

22 You probably should look at the office action. It
23 talks about some of the issues you're touching on here, some
24 of the issues -- Unless you read this already. It tells
25 you, it talks about refusal due to likelihood of confusion,

1 geographic refusal, supplemental register. It touches on
2 many of the issues that are relevant to my, I think, to my
3 consideration here. With all due respect, who better than
4 the PTO, the office that it's their expertise?

5 MR. RUCCI: Judge, the difference is, let's
6 pretend that the TRO supplement that I have given the Court
7 and all that was not there and that is the facts here. I'm
8 telling the Court that I'll have time to go through this and
9 fix those things. They had no facts.

10 What I did is I went through the electronic thing
11 that's on the Internet as I'm learning to do this, and I
12 sent it in. They have no attachments from me. And I
13 believe that when they look at the facts, how many have been
14 out there, how long they have had it, the -- I mean, the
15 argument that The Hotel California is the same as Hotel
16 California, then why would you need the second one? So
17 those are issues that will be brought out.

18 THE COURT: Do the plaintiffs have the right to
19 respond to the PTO?

20 MR. RUCCI: They actually have a right to oppose
21 it, I believe, and they can. But that whole process is
22 going to take some time.

23 THE COURT: Did you oppose the original? Or were
24 you aware of the original application?

25 MS. LUARDE: Your Honor, we were not aware of the

1 original application. We became aware of the hotel in July.
2 We sent a cease and desist letter on July 14. And we
3 became -- the filings occurred after that date. And then we
4 sent a second cease and desist letter.

5 THE COURT: When did you become aware of this, of
6 this proceeding before the PTO?

7 MS. LUARDE: Frankly, Your Honor, I became aware
8 of it when I was retained by my client. We did a search of
9 the USPTO and learned that Mr. Rucci filed his request for a
10 trademark after we sent him a cease and desist letter.

11 THE COURT: Both at the state and with the PTO?

12 MS. LUARDE: Yes, that's correct, Your Honor.

13 THE COURT: Both with the state and PTO?

14 MS. LUARDE: That's correct, Your Honor.

15 THE COURT: Why don't we do this, counsel. Why
16 don't we take a moment and read through this. Unless you
17 read it already.

18 MR. RUCCI: Judge, I would like to read it so I
19 can respond to the Court. And I appreciate the opportunity.

20 THE COURT: All right. We will take a look at
21 this and read it. It's some detail, and it might have a
22 bearing on what we undertake to do here. Thank you very
23 much.

24 We will step down for a minute.

25 Counsel, while I'm doing that, you might want to

1 confer with one another and talk about whether you can
2 possibly find some middle ground while we try to sort all of
3 this out. But that's entirely up to you.

4 (Recess taken, 2:20 p.m. until 2:55 p.m.)

5 THE COURT: All right, counsel. Having had an
6 opportunity to review the office action from the PTO, is
7 there any additional arguments that you wish to make on
8 behalf of the plaintiff? Anything else you would like to
9 call to my attention?

10 MS. LUARDE: Yes, Your Honor. I have just a few
11 points I would like to make if that's okay.

12 The first thing, in response to some of the arguments
13 that were made, Your Honor, you're absolutely correct. We
14 have a trademark, a federal trademark, that we can use
15 anywhere in the United States, and we are protected and able
16 to use that.

17 We don't have to expand. Under Sixth Circuit case
18 law, there are eight factors. Likelihood of expansion is
19 only one of the factors.

20 And I want to point out that Mr. Rucci in his briefing
21 refers to an Eighth Circuit case. That Eighth Circuit case
22 refers to a case called *Dawn Donut* which is an old case and
23 it does not apply in the Sixth Circuit.

24 So just so you're aware, that's only one of eight
25 factors to be considered. And six of the eight factors

1 weigh in favor of my client.

2 I also want to make sure that you understand with
3 regard to the likelihood of confusion, our client draws
4 customers from around the United States and globally. There
5 are people from Ohio, Pennsylvania, Michigan, Indiana, and
6 New York all who stay at his hotel in Santa Monica.

7 So there are people who could very easily have stayed
8 at our hotel and also be familiar with the Austintown hotel.

9 THE COURT: Is that reflected in his affidavit?

10 MS. LUARDE: Your Honor, I don't believe I had
11 that level of specificity in the affidavit. I think I say
12 that we draw customers from around the globe and the United
13 States.

14 THE COURT: All right. Go ahead.

15 MS. LUARDE: The next thing I would like to point
16 out, Your Honor, is with regard to the Secretary of State
17 filing, the cease and desist letter was sent in July of 2014
18 advising Mr. Rucci that we had the trademark.

19 The statement that we take issue with is the following
20 statement: "To the knowledge of the person verifying the
21 application, no other person has a registration or a pending
22 intent to use application of the same or a confusingly
23 similar mark in the United States Patent and Trademark
24 Office for the same or similar goods or services."

25 And Mr. Rucci signed this certifying that that did

1 not -- that there was no pending application or actual
2 application or actual trademark with the USPTO.

3 That's false. That's a false statement.

4 THE COURT: How do you establish that it's false?

5 MS. LUARDE: Because he received notice in July
6 of 2014. I have in front of me the Federal Express printout
7 showing that the package was delivered on July 16, 2014 to
8 the address listed in Mr. Rucci's filing with the Ohio
9 Secretary of State giving the address for service.

10 So the package was delivered to Mr. Rucci on July 16,
11 2014. And in October, he signed a certification stating
12 that he's not aware of any existing trademark.

13 THE COURT: When did he submit his application to
14 the PTO?

15 MS. LUARDE: In September of 2014. So again,
16 after the July, 2014 date.

17 And this all goes to the willfulness of the defendant.
18 He was aware of our trademark. He filed his applications
19 with the USPTO. He filed his registration with the
20 Secretary of State. That filing with the Secretary of State
21 and with the PTO make false representations about Mr.
22 Rucci's knowledge.

23 And any argument that he makes that the Secretary of
24 State filing somehow gives him rights to use the name in the
25 State of Ohio legally is incorrect. But frankly, that

1 filing has no merit because he made false statements within
2 that filing.

3 THE COURT: All right. Go ahead. Are you taking
4 any action to address that filing in the State of Ohio? Or
5 is there any action you can take?

6 MS. LUARDE: Your Honor, at this point we are not
7 taking any action. We are looking into it. I'm not aware
8 of what we can do, but I certainly wanted you to be aware of
9 it. Because again, for willful infringement, Your Honor, my
10 client is entitled to, you know, attorney's fees, and under
11 Ohio statutory law treble damages for willful infringement.
12 And that's what we have here.

13 And Your Honor, again, I just, you know, to sum it up,
14 we don't have to expand to protect our rights. I've heard a
15 lot about not expanding into the State of Ohio. Not
16 expanding beyond California. My client doesn't have to
17 expand. They could have, you know, the same hotels in
18 operation. As long as they continuously use the trademark,
19 they are entitled to have that trademark protected.

20 Think about it. Does the Bellagio have to open hotels
21 up outside of Las Vegas in order to protect its trademark?
22 Absolutely not. That's not the law.

23 Likelihood of expansion is just one of eight factors.
24 Six of the eight weigh in our favor. There is a likelihood
25 of confusion, and we are entitled to the relief that we

1 seek.

2 THE COURT: All right. Thank you.

3 Counsel for the defendant, do you wish to either
4 respond and/or address the office action letter?

5 MR. RUCCI: I do, Judge, a couple of them. I
6 could take them in either order. I guess we could start
7 with the office action, Judge.

8 And here is my reading of it, Judge. And I will
9 submit, if the Court will allow me, an example that this was
10 the identical thing that was done with the plaintiffs. They
11 had a similar denial. They submitted evidence.

12 As I read it, Judge -- and I numbered the pages 1
13 through 8, 9, as they were.

14 The writer, who I have a phone number and an e-mail
15 and I could speak with, specifically says, "Timely respond
16 to the issues" on page 1.

17 "Submit evidence" on page 6.

18 "Respond with evidence" on page 7.

19 "Show the mark in use" on page 8.

20 And then on page 8, Judge, they tell me very
21 specifically, "The applicant must directly answer the
22 following questions: Provide written statements specifying
23 the goods and services in use, where they originated from,"
24 which I think was the critical factor to this writer, the
25 examiner.

1 Judge, as I see it -- and I would be happy to provide
2 a supplement. And I know of one because I've only went
3 through a few of the cases, the *Ameritech* case, for example,
4 was a case -- that's one of the ones cited in my brief at
5 811 F.2d 960.

6 It's an example of a case where the other side tried
7 to get a registration after somebody else started using it
8 and they didn't get it. And it was just another thing that
9 the Court looked at. It wasn't the denial.

10 Judge, the way I read the office action is this
11 writer, this attorney examiner, is going through basically
12 the first part of trying to determine is there something out
13 here that you match with? In this case Hotel California.
14 And is the use the same? In this case hotel services. And
15 they conclude correctly that they are.

16 But that's just part of it. The writer, for example,
17 does not go through the eight-part test. The eight-part
18 test is very different in this case over the infringement.
19 What they're saying here is here is what we're finding.
20 They're similar for registration. You can give us evidence
21 and make arguments to whatever effect, and then go at it.

22 And Judge, as I stated to you, I fully intend to go
23 back with evidence, because I think they will see the many
24 things that I've learned that I think will give me the
25 registration.

1 But the thing is, the registration certainly can't be
2 what I have to have to come before this Court, or to be
3 hauled into this Court, because right now the issue is the
4 eight-part test over the confusion.

5 And as I analyzed it, like, for example, I heard the
6 word "Bellagio." Well, Bellagio wasn't made famous by
7 somebody else and then they grabbed it so the name is out
8 there for anybody. It was made famous by Bellagio, and it
9 makes sense that Bellagio owns it. I get that.

10 But Hotel California was made famous been somebody
11 else, and they grabbed the name. And they are very far away
12 from us here. So there is issues about how the mark would
13 actually be used.

14 The various issues that are here, as I see this,
15 Judge, respectfully with the Court, is the issue of are they
16 going to be harmed if I open up this hotel in Youngstown,
17 Ohio, in Austintown, Ohio, from their great distance? And
18 have they done enough out there so that it will conflict?

19 Judge, if the test is, is that you are on the
20 Internet, they are on the Internet, we are all on the
21 Internet today. If that's the test, then one person in one
22 little place gets to take out the rest of the United States.

23 And that seems to me that that's not what I'm reading
24 in my limited knowledge on this as I'm starting to get up to
25 speed.

1 It seems to me that the test is more about if we
2 conflict with you, we don't get to do it. And I get that.
3 One of the reasons that makes sense is because I'm out there
4 to steal their business. And I get that. But we are really
5 far away. We are not impacting their business. We are not
6 able to steal their business.

7 The Court had said, well, do they get to control the
8 mark? I get that, too. But at the same time, that's only
9 relevant if I conflict with them so people are going to
10 recognize me as being part of them.

11 I have offered to put a disclaimer. I'm 2,500 miles
12 away. My building is very different than their 36-room
13 hotel. They have not expanded in the 20 years. And it
14 seems to me very terrible that we would take the beautiful
15 words from the song "Hotel California" out of the lexicon
16 because of this.

17 I'm not --

18 THE COURT: Is not all those things what the
19 examiner considered? In many respects the examiner, looking
20 at his letter -- and candidly, counsel's correct based on my
21 very cursory review of the law, the letter is persuasive and
22 it's something that I should and in many ways I'm required
23 to consider.

24 The examiner went through the summary of the issues
25 here. The refusal is based upon due to likelihood of

1 confusion, geographical refusal, supplemental register,
2 specimen refusal. There is a request for information. But
3 the examiner went through and said he thinks there is
4 clearly a likelihood of confusion with the marks, with their
5 marks.

6 He says, "Reasons: Similarity of the marks." They
7 are identical. They are not just similar. They are
8 identical.

9 "The nature of the goods and services." There is no
10 doubt that they are similar, to say the least.

11 And "the similarity of the trade channels of goods or
12 services." Now, your argument is, well, because I'm here in
13 Ohio, there can't be any confusion with a Hotel California
14 and hotel in -- a Hotel California in California and a Hotel
15 California in Austintown.

16 The examiner seems to think there could be. You're
17 saying, well, he didn't know that I'm opening the hotel in
18 Austintown. Well, he certainly knew the applicant was in
19 Ohio.

20 So he knew that you're in Ohio. He made a comparison
21 of the marks. He made a comparison of the services. And
22 then he counseled and said -- and he obviously in great
23 detail talked about the services and how they're compared.
24 And then he analyzed other websites. He looked at websites
25 that were related to the goods and service provided here.

1 And he says, "The Internet evidence establishes that the
2 same entity commonly provides the relevant services at issue
3 and markets the services under the same mark, and the
4 relevant services are provided through the same trade
5 channels and used by the same classes of consumers in the
6 same fields of use."

7 He made that finding. I'm quoting from his letter.

8 And then he counsels as well, as he says here, "Any
9 doubt regarding the likelihood of confusion determination is
10 resolved in favor of the registrant."

11 And he cites to a number of cases, including an Ohio
12 case, interestingly.

13 MR. RUCCI: Judge, what I see that he was doing
14 there, he was looking at the fact that they don't have a
15 restaurant. I had a restaurant that I was adding to mine.
16 And he was looking to see is that something to lump up in
17 over the confusion. And he says I do. And that's fine.

18 But the fact is, he is not going through a test like
19 we are here, where you have a building that I'm trying to
20 do. He doesn't have all these other factors.

21 For example, he never analyzes -- and again, I'm not
22 quibbling with it. He doesn't analyze the supplemental
23 authority.

24 For example, one of the things that's missing in here
25 is in the first registration of Hotel California, the word

1 "California" is excluded. In the second one the word
2 "hotel" is excluded. And actually the author tells me to
3 exclude hotel.

4 I mean, these are all things that seem to me that need
5 to be brought up to them in this analysis in looking at all
6 this.

7 And again, he doesn't really go through the
8 eight-factor test. His likelihood of confusion, as I see
9 it, Judge, respectfully, is with the fact that there is a
10 mark out there and you're similar to them. But he doesn't
11 go through all these other things that we're doing here in
12 the briefs.

13 THE COURT: Well, I can go through them and
14 certainly the most important ones, again, I think,
15 unfortunately, weigh in favor of the plaintiff.

16 So I encourage the parties to talk about it, but if I
17 had to make a decision today, I would grant the motion, to
18 be blunt, simply because, again, I have -- I don't want to
19 overstate the importance of it, and I recognize you have six
20 months to provide additional information. But it's a
21 rather -- I think it's a relatively strongly worded office
22 action. I think the letter is very strong. And I'm not so
23 sure whether or not your supplement that indicates, well, I
24 am providing this service in Ohio is going to overcome the
25 action that they have taken or overcome at least in the

1 examiner's view the likelihood of confusion.

2 The name is identical. It is identical in nature. It
3 is not limited in any way. And I think my clerk might have
4 talked to you about Hotel California of Ohio, or something
5 of that nature. It is specifically limited. And in fact
6 the examiner talks about, I think he went to -- or
7 references, I should say, I think he went to Travelocity.

8 So, you know, if someone is searching for hotels and
9 goes to Travelocity and goes to Hotel California, are they
10 going to think that this is all part of the same chain?
11 Your hotel? And the three that are in California? Or the
12 two?

13 MR. RUCCI: Judge --

14 THE COURT: Who is going to know?

15 MR. RUCCI: Judge, respectfully, the many things
16 that I can do is supplement this. I could also change it.
17 I could ask to supplemental register. I could ask to add
18 "of Ohio," and all those things will be explored with them
19 here.

20 But I don't think that, respectfully, this concludes
21 it. What this says is that my registration on its face
22 value with my limited filings itself conflicts. And that's
23 easy to see that.

24 But also, though, Judge, for example, he doesn't
25 compare it -- he compares it to the mark, the words, the

1 mark. But, for example, if you compare their website to our
2 website, you'll see great differences. So these are things
3 that are also there. He doesn't have all those other facts
4 that are there before you.

5 THE COURT: What else could he have? What else
6 would he have that you would think may cause a change in the
7 opinion? I hate to speculate, but what else could there be
8 other than I'm going to be doing business in Ohio and not
9 California?

10 MR. RUCCI: There is quite a few, Judge.

11 The first thing is I would give him the same thing
12 I've given this Court, all the listing of all the Hotel
13 Californias used everywhere.

14 THE COURT: He didn't attempt to ferret that out?

15 MR. RUCCI: He doesn't say any of that, Judge.
16 His website that he's searching for, as I see it, he was
17 looking to say that people who have hotels are also
18 connected to restaurants, so therefore it's the same use.
19 That's the way I see it.

20 THE COURT: He says, "As additional evidence of
21 the related nature providing temporary accommodations such
22 as hotel and restaurant services, the examining attorney
23 attaches the following web pages." And then he goes on and
24 he attaches web pages that --

25 MR. RUCCI: Judge.

1 THE COURT: It appears that he is making that
2 same -- he is making that kind of search.

3 MR. RUCCI: No, Judge. Respectfully, as I see
4 it, what he is doing there is he is showing that hotels are
5 connected to restaurants. He says hotel and restaurant
6 under the same name.

7 What he's doing there, as I see it, is he is saying,
8 okay, you have a restaurant and hotel. If you connect the
9 two of them under the use factor, the fact that you are
10 using the hotel with a restaurant, it's still the same as
11 the other people who are using just hotel lodging, the two
12 that are registered. That's what I believe he is doing at
13 that level.

14 He is not looking out there to go search for the fact
15 that the name has been diluted. Doesn't mention the Eagles.
16 All those other things.

17 So in answer to your question, Judge, the things that
18 I would give him, I would give him the list which is not in
19 here, not a single part it.

20 I would show him that the name has been used quite a
21 bit.

22 I would show him that in 20 years it has not been
23 expanded.

24 I would show him that we have great distances.

25 I would show him that we are geographically in Ohio.

1 Show him that we have different things, that they
2 don't like -- they're not expanding. I would show him that
3 ten years ago they said they were going to expand. They
4 haven't done it. All those things.

5 There is quite a few factors that are there in an
6 effort to do this. But this is for registration. This
7 would be registration only. This is still not the same as
8 here where I have one isolated hotel, no plans for
9 expansion, and do I conflict with somebody that's 2,500
10 miles away?

11 I believe that test isn't in here, Judge,
12 respectfully. And I get it. You know --

13 THE COURT: I think -- I'm sorry, with all due
14 respect, I think he went through the test. He clearly
15 focused on in many ways, although there were a number of
16 issues, he clearly focused on the likelihood of confusion.
17 That's number one in his summary of issues.

18 I think -- and again, we can debate it back and forth.
19 But I think he went through in a fairly detailed fashion the
20 likelihood of confusion, a comparison of services, and you
21 know, it's going to be a challenge for you.

22 I mean, again, I don't have six months to wait to
23 decide the issue. And I may have to decide the issue long
24 before you have attempted to persuade the examiner likewise.

25 And so that becomes the challenge. And I'm not

1 unmindful of where you're at with your business and the
2 signage and things of that nature.

3 But you know, I'm somewhat sympathetic with that. On
4 the other hand, the plaintiff would be arguing, wait a
5 minute. You had notice. They sent you notice. And they
6 gave you notice that they were going to pursue it.

7 So, you know, how I think about that or how I, you
8 know, factor all that in --

9 MR. RUCCI: Judge, as I noted in our stuff, we
10 started Hotel California two years ago. The name was
11 incorporated then. So it's not like all of the sudden in
12 one week we started doing this. This process has been going
13 on. The process has been going on for 12 months. So we
14 were deep into Hotel California.

15 THE COURT: I can't get into the debate about
16 what your actions were after you got the cease and desist
17 letter. But you know, that's, again, something that I'm not
18 going to wade into.

19 MR. RUCCI: Sure.

20 THE COURT: But it's going to be a challenge for
21 you, to be blunt.

22 MR. RUCCI: I get that. And Judge, if I may on
23 the irreparable harm -- and I appreciate that. You're the
24 authority.

25 In regards to the irreparable harm, we are not even

1 open at this level. So it's going to take me time to still
2 finish things that I have to do in regards to the
3 construction.

4 But I think that, if I may, with the Court's
5 deference -- and I appreciate openly you telling me your
6 thoughts -- supplement to show you that this was a similar
7 denial that they received and they were able to overcome it,
8 and perhaps, Judge, if I may, something brief showing you
9 that there is other cases where the denial was not the
10 relevant factor and somebody is still prevailing.

11 Because I don't believe that that's all part of it
12 that's here. And I think that there is just a lot of facts.
13 He's not comparing the two of them -- he's comparing the
14 marks. And the marks, the two marks by themselves, I get
15 that. So I don't get to register. Let's assume that way,
16 for example, I don't get to register. But still does that
17 mean that I'm now trampling on them?

18 THE COURT: I'm sorry?

19 MR. RUCCI: Does it mean, though, that I'm
20 trampling on their rights at this level?

21 THE COURT: You may be. That's what their
22 argument is. It's possible. And again, I'm just telling
23 you my thoughts out loud. Not trying to hide anything.

24 MR. RUCCI: I appreciate that.

25 THE COURT: It's a different world. We are in

1 the Internet world. And the use of the name "Hotel
2 California" is yes, it's associated with the Eagles and that
3 song. But when you make the exact same use of the name of
4 those hotels located in California which are, indeed, they
5 have been operating under which they have trademarked, they
6 have the right to the name. And the fact that you are
7 across the country, in today's world given the broad scope
8 of the Internet, is a lot less important in my view. It's
9 dramatically less important.

10 If you were located in Utah, I would still -- again,
11 they have the right to the name, if it's identical. And is
12 there going to be any confusion whatsoever to a consumer?
13 We have to speculate a bit. I hate to do that. But I
14 suspect if I go online and punch in Hotel California -- she
15 makes a good point. If you open a Bellagio in Youngstown,
16 Ohio, or the Wynn in Youngstown, Ohio, or any other name of
17 that nature, do you think the consumer is not automatically
18 going to say, wait a minute, that must be associated with
19 this hotel in Vegas? It must be a spinoff.

20 MR. RUCCI: That one I would agree with, Judge.

21 THE COURT: That's the problem you're going to
22 have. But I'm not going to decide the issue today. I'm
23 going to write a written opinion.

24 I strongly encourage you, what you should be doing is
25 you should be negotiating, trying to find a way, see if

1 there isn't a license or some other option available to you.

2 I know from what I've been told through my clerks that
3 the plaintiff is opposed to any use of the name. But, you
4 know, I've been wrong before. And obviously if counsel
5 wants to appeal it, who knows what the future holds.

6 So I would strongly encourage some negotiation.

7 We will take the matter under advisement. I'm sorry.
8 I don't mean to cut you short. I have a 3:00, and it's now
9 3:20. I've given the parties a lot of time. We will issue
10 a written opinion.

11 In the meantime, if you are able to come to some
12 agreement, let us know so we don't have to go through the
13 time that it will take to put together a reasoned opinion.

14 All right. Thank you very much for your courtesy and
15 your arguments.

16 MR. RUCCI: Thank you, Your Honor.

17 MS. LUARDE: Thank you, Your Honor.

18 THE COURT: You're welcome.

19 (Proceedings concluded at 3:20 p.m.)

20 C E R T I F I C A T E

21 I certify that the forgoing is a correct transcript
22 from the record of proceedings in the above-entitled matter.

23
24 S/Caroline Mahnke

4/3/15

25 Caroline Mahnke, RMR, CRR

Date